



Edmund G. Brown Jr., Governor
State of California
Health and Human Services Agency

Department of Managed Health Care
980 9th Street, Suite 500
Sacramento, CA 95814-2725
916-324-1618 - Phone
916-445-9420 - Fax
Christopher.Rendall@dmhc.ca.gov

March 8, 2016

**REQUEST FOR PROPOSALS (RFP) - Primary
CONSUMER ORGANIZATION PREMIUM RATE REVIEW
RFP No. 15MC-SA011**

You are invited to review and respond to this Request for Proposals (RFP) entitled "Consumer Organization Premium Rate Review." Potential proposers are encouraged to download the solicitation package as well as any future addendums from Cal eProcure at: <https://caleprocure.ca.gov>. In submitting your Proposal, you must comply with the instructions found herein. **The deadline for submitting proposals is April 5, 2016.**

The Department of Managed Health Care (DMHC) is soliciting proposals from private non-profit consumer advocacy organizations, for a contract term of four (4) months, to provide regular and constructive comments to DMHC on health insurance rate filings. It is anticipated that the contract will begin on **June 1, 2016 and end on September 30, 2016**. The DMHC reserves the right to extend the Agreement for an additional one (1) year term at the same rates and maximum dollar amount per year as the original Agreement. Extensions are subject to satisfactory performance, funding availability, and approval by the Department of General Services.

The Small Business Preference and other preference programs apply to this solicitation. The Disabled Veteran Business Enterprise (DVBE) participation requirement has been waived; however, the DVBE Incentive Program will apply for this solicitation.

Note that all Agreements entered into with the State of California will include by reference General Terms and Conditions and Contractor Certification Clauses that may be viewed and downloaded at Internet site: www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx. If you do not have Internet access, a hard copy can be provided by contacting the person listed below.

If you have questions, or need clarifying information, the contact person for this RFP is:

Christopher Rendall
DMHC Contract Analyst
Christopher.Rendall@dmhc.ca.gov
(916) 324-1618

Please note that **no verbal** information given will be binding upon the State unless such information is issued in writing as an official addendum.

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A. PURPOSE AND DESCRIPTION OF SERVICES

The Department of Managed Health Care (DMHC) is seeking proposals from private non-profit consumer advocacy organizations to provide regular and constructive comments to DMHC as part of the DMHC Rate Review Process. Our goal is to enhance the review and subsequent decision of health plan premium rate filings through increased involvement of a consumer advocacy organization (the Contractor).

A detailed description of the services to be provided is included in Section E, Scope of Work.

The federal grant awarded to DMHC requires that the Contractor provide input and comments on premium rate review filings. The input and comments on the premium rate review filings will need to include an analysis of specific rate review criteria as defined through California Health and Safety Code Section 1385.03 for individual and small group premium rate filings. The Contractor will provide comments to DMHC on behalf of California consumers that purchase health insurance coverage from health plans.

The DMHC intends to award one (1) Agreement, to one (1) Proposer, but shall not guarantee any specific volume of work once the award is made. The total amount awarded under this RFP is \$100,000 for one (1) Agreement. For each proposal submitted, the total cost of all deliverables and tasks cannot exceed the specified Agreement amount.

The DMHC reserves the right to extend the Agreement for an additional one (1) year term at the same rates and maximum dollar amount per year as the original Agreement. Agreement extensions are subject to satisfactory performance, funding availability, and approval by the Department of General Services (DGS).

B. ADMINISTRATIVE REQUIREMENTS

The successful Proposer who is awarded an Agreement must fulfill the following Administrative Requirements, prior to commencing work, and are responsible for any fees or expenses, including time, for completing these items:

1. **Security Awareness Training** - Per State policy, (State Administrative Manual (SAM) Sections 5305.1; 5320.1; 5320.2) the DMHC must provide for the proper use as well as protection of its information assets and arrange for an annual basic security and privacy awareness training. As such, DMHC Contractors (including subcontractors) providing contractual services to DMHC and/or accessing State Resources must complete the designated DMHC online Information Security Awareness and Privacy Training as part of attaining access to DMHC information assets and/or commencing work on a contract.
2. **Statement of Economic Interests (Form 700)** - The California Political Reform Act requires individuals holding positions designated within an agency's conflict of interest code to file an annual Statement of Economic Interests (Form 700). The DMHC's conflict of interest code designates "Consultants" among the positions that must file a Form 700. Your employees or independent contractors have been designated as such consultants and are required to file an original Form 700 with the DMHC. (See Government Code Sections 82019 and 87302). Each of your employees and contractors performing work under the Agreement must file a Form 700 within 30 days of beginning work under the contract, annually thereafter, and within 30 days after stopping to perform work under the contract (leaving office statement).
3. **Ethics Certification** - The Government Code requires all officials, employees and contracted consultants designated to file a Form 700, to also complete an Ethics Certification when first assuming a designated position and then every odd numbered year thereafter. In some cases, this means that consultants may be required to complete the Ethics Certification two years in a row if they assumed their designated position during an even numbered year. (See Government Code Sections 11146 through 11146.4).

C. MINIMUM QUALIFICATIONS

The Proposer must complete Attachment 3, Minimum Qualifications Certification, certifying that the Proposer satisfies all minimum qualifications and requirements. Failure to certify will result in the immediate rejection of the proposal.

The Proposer must meet all the following:

1. The Proposer must have experience with the health care service plan industry:
 - a. At least three (3) years of experience representing California consumers who purchase health care service plan products in the commercial market from various geographic areas and diverse populations, including, but not limited to, seniors, individuals with disabilities, children, immigrants, communities of color, and low-income families.
 - b. Experience with California rate review, including either: 1) providing testimony to the legislature on health care service plan rates; or 2) producing written materials or advocating on the topic of health care service plan rates and related costs.
 - c. Experience with the DMHC through the Consumer Participation Program.
2. The Proposer must be a non-profit organization and provide documentation of the non-profit, corporate status of the organization, i.e., incorporated as a 501(c)(3) organization.

D. BACKGROUND

The regulation of health insurance in California is divided between two agencies -- the DMHC, which regulates HMOs and some PPOs that comprise approximately 61 percent of the California regulated insured market, and the Department of Insurance (CDI), which regulates indemnity coverage and some PPOs, with approximately 39 percent of the California regulated insured market.

The 2010 Affordable Care Act (ACA) requires States to establish a process for the review of health insurance premiums to protect consumers from unreasonable rate increases. In response to the ACA rate review program, California passed Senate Bill 1163 (SB 1163) which requires health plans to submit premium rate information. The DMHC reviews these rate filings and determines if any of the proposed rate increases are found to be unreasonable. Additional information can be found on the DMHC public website at: <http://wpso.dmhc.ca.gov/RateReview/>.

The ACA also provided limited grants to support the rate review activities. These grant funds are being used to implement the National Association of Insurance Commissioners System for Electronic Rate and Form Filing (SERFF), to enhance the Departments' information technology (IT) capacity to support rate review, to enhance the Departments' websites to provide transparency of rate filing information and allow public comments on rate filings as well as obtain actuarial services. The Health Insurance Rate Review Grant Program will improve the premium rate data collection, analysis, and reporting.

E. SCOPE OF WORK

The Contractor awarded this Agreement must provide comments on health plan premium rate filings submitted to the DMHC upon execution of the contract through September 30, 2016. Comments and analysis must be based on established criteria adopted under Health and Safety Code section 1385.03. Additional analysis, public comment or follow up review may be requested by DMHC as necessary.

The Contractor is not required to comment on each and every health rate filing submitted to the DMHC. However, the DMHC may specifically request comments on a particular filing. The Contractor, using its discretion may provide comments on the filings it believes will have the greatest impact on health plan enrollees. When considering the impact to consumers, the Contractor shall consider what filings have the most significant cost increases for consumers and number of enrollees affected.

Task 1 – Respond to Questions Regarding Premium Rate Review Filings

- 1.1. The Contractor shall prepare a written document, providing public comments for health plan rate filings chosen to be reviewed within 30-days of the filing being posted to the website.
- 1.2. Comments must be submitted to the DMHC Contract Manager, and will be posted to the DMHC's website after review.
- 1.3. The Contractor's comments must specifically explain the following:
 - Looking at the historical context of the health plan's rate filing, does it appear the requested rate maintains rate stability and operates in a way to prevent excessive rate increases in the future?
 - Is the proposed profit or contribution to surplus reasonable? The loss ratio is the relationship between the claims paid by the insurer and the premiums received. Does the loss ratio seem reasonable?
 - Trend is the rate of increase in the claims portion of an insurer's loss ratio, and consists of two components: medical inflation and use. Are the projected trends supported by the data?
 - Health plans are required to file a plain language description on the website listing key factors underlying each rate filing decision. Are there key factors the contractor believes should be highlighted in the rate filing to give consumers a better understanding of the rate filing or the eventual DMHC decision?
 - Are there areas in the rate filing where DMHC should seek additional information from the health plan?
 - Are there any unique facts about the rate filing that DMHC should be aware of that apply only to this filing or to this insurer?
 - Health Plans must report and justify changes in administrative expenses by line of business and must provide more detail about what they spend on salaries, commissions, marketing, advertising and other administrative expenses. Do the administrative expenses seem reasonable? If not, please identify the particular unreasonable expense and explain why it is not reasonable.

Task 2 – Reporting

- 2.1 The Contractor must submit quarterly progress reports and one final report to the DMHC to comply with the Federal evaluation of the program. Progress reports are to be submitted 10 days prior to the end of each Federal fiscal quarter. The final report shall be submitted to DMHC **no later than September 15, 2016**.
- 2.2 The narrative for the quarterly reports shall describe the progress of the Contractor's process for submitting comments. The quarterly reports shall describe any barriers and measurable outcomes stemming from their process. The quarterly reports shall describe any collaborative efforts in place that are advancing the objectives of the Contractor in providing comments.
- 2.3 The narrative for the final report shall include a description of the Contractor's general perspective of project successes or failures. Using their own experiences, the Contractor must identify any rate review procedures that either increase or decrease access to rate filing information to the public. Finally, the Contractor may include any recommendations on how DMHC could continue enhancing the rate review process, including proposing innovative ways in which DMHC can engage consumers in the rate review process beyond the parameter of this contract or the federal rate review grants.

F. PROPOSAL REQUIREMENTS AND INFORMATION

1. Key Action Dates

<u>Event</u>	<u>Date</u>	<u>Time</u>
RFP Available to Prospective Proposers	March 8, 2016	
Last Day for Proposers to Submit Questions	March 15, 2016	4:00 p.m.
Questions Answered	March 18, 2016	
Proposal Submittal Deadline	April 5, 2016	4:00 p.m.
Cost Proposal Opening	April 12, 2016	
Notice of Intent to Award (Anticipated)	April 15, 2016	
Proposed Award Date	April 22, 2016	
Contract Term (Anticipated)	June 1, 2016 – September 30, 2016	

Note: DMHC may modify this RFP prior to the Proposal Submittal Deadline above through the issuance of a formal addendum posted at <https://caleprocure.ca.gov>. All dates after the Proposal Submittal Deadline are approximate and may be adjusted as conditions indicate, without an Addendum to this RFP.

2. Submission of Questions from Proposers

All questions must be submitted in writing **prior to 4:00 p.m. on March 15, 2016** to Christopher Rendall at Christopher.Rendall@dmhc.ca.gov. The responses to all questions received will be posted on <https://caleprocure.ca.gov> under the Consumer Organization Rate Review RFP (15MC-SA011).

To ensure receipt of any addenda or questions and answers that may be issued, interested parties are encouraged to register at <https://caleprocure.ca.gov>. Instructions for free registration can be found at <http://www.documents.dgs.ca.gov/pd/caleprocure/RegistrationInstructions.pdf>.

3. General Requirements

- a. Corporations must provide a statement certifying and documentation to substantiate that they are in good standing and qualified to conduct business in California.
- b. The Proposer must provide a statement certifying that it and its subcontractor(s) are not an affiliate or a subsidiary of, nor in any way owned or controlled by, a health care service plan or a trade association of health care service plans. A board member, director, or officer of a health care service plan or a trade association of health care service plans shall not serve as a board member, director, officer, or employee of a health care service plan, the actuary or actuarial firm in accordance with section 1385.06 (3) of the Health and Safety Code.
- c. The Proposer must provide a statement certifying that it and its subcontractor(s) are not currently engaged in services with a health care service plan or a trade association of health care service plans in California or any activities that could appear to be a conflict of interest.

4. References

The Proposer is required to provide two references, on Attachment 5, Proposer References, for which the Proposer has provided similar services as described in Section E, Scope of Work, within the last five (5) years. The DMHC retains the right to conduct reference checks beyond those provided.

5. Work Plan Format and Requirements

The Proposer shall develop a narrative Work Plan for task completion outlining their ability to fulfill the requested services as identified in Section E, Scope of Work. Please list "Attachment 6" at the top of your Work Plan. The Work Plan must include the following:

a. Proposer's Expertise and Experience

The Proposer must provide the following information and/or materials to demonstrate their level of expertise, capacity, and knowledge to successfully conduct the work required by this RFP:

- i. The Proposer shall describe their understanding of premium rate review regulation per Section 2794 of the Public Health Service Act (PHSA) and SB 1163 (narrative is to be limited to two (2) pages).
- ii. The Proposer shall describe their current and past experience working on health care consumer issues, current and past experience working with government entities and/or other non-profit health entities in California as well as involvement in the Consumer Participation Program (narrative is to be limited to two (2) pages).

b. Project Personnel

The Proper must provide résumés for lead project personnel that will be assigned to the project (either staff or consultants to the Contractor and subcontractor(s)). Résumés are to be limited to two (2) pages. If for any reason, the lead project personnel listed in the original proposal is unable to perform services during the term of the contract, the DMHC retains the right to approve, in advance, any changes to the personnel or terminate the contract.

c. Project Description

The Proposer must submit a detailed description of the techniques, approaches, methods, and timeframes to be used to complete each task in Section E, Scope of Work. The Project Description must include a detailed plan estimating the number of individuals and different teams that will be responsible for performing the requested services outlined in Section E, Scope of Work, and any administrative functions. A description of the lead project personnel and anticipated supporting personnel to be employed during contract performance by name, classification/title, and qualifications to perform the work must be included.

If for any reason, the personnel listed in the original proposal are unable to perform services during the term of the contract, the DMHC retains the right to approve in advance any changes to the personnel, or terminate the Agreement.

If subcontractors are contemplated, identify those persons or firms, the portions of the work to be done by the subcontractors, and how and why they were selected. Provide résumés of each major subcontract participant, and a description of how subcontracted work will be controlled, monitored and evaluated. Subcontractors will need to complete the same administrative requirements as the Proposer's personnel.

The Project description should include a detailed description of any assistance expected from the DMHC staff in performing the requested services.

d. Work Samples

The Proposers must submit three (3) work samples completed by the Proposer and their subcontractor(s) within the last five (5) years. The samples must include comment letters or memorandums regarding rate review.

e. Financial Stability

The Proposer must submit a written statement regarding its financial and organizational stability. Include how long the Proposer has been in business; if the Proposer is nation-wide or local; and the number of years performing services similar to the services mentioned in Section E, Scope of Work. The statement of the financial stability should include any probable contingencies that may affect the Proposer's financial and organizational stability.

f. Conflicts of Interest

The Proposer must submit a detailed description of how it will monitor for potential conflicts of interest that may preclude it from accepting work assignments from the DMHC. The description should include the criteria to determine a conflict of interest and timeframe for notifying the DMHC after a conflict of interest has been identified. The Proposer must also include their policy and procedures for monitoring conflicts of interest. If the Proposer does not have a policy, they must provide an explanation of how they monitor for potential conflicts of interest.

6. Cost Proposal Format and Requirements

- a. The Proposer must complete the Cost Proposal, Attachment 4, in the prescribed format. Any deviation from the prescribed format, which in the opinion of the DMHC is material, may result in the rejection of the proposal. The proposed cost shall include all fees and expenses for providing services described in this RFP. The successful organization shall only be compensated based on actual services performed at the rates submitted.

Any reimbursement for necessary travel and per diem will not exceed State rates and will abide by CalHR guidelines. All rates can be found at: <http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>.

All travel expenses claimed by the Contractor for purposes of this Agreement must be submitted on a STD. 262 form with the receipts attached. Any out-of-state travel by the Contractor must have prior written approval by the DMHC Contract Manager.

- b. All pricing shall remain firm and constant during the entire Agreement term and any extensions.

7. Submission of Proposal

- a. Proposals should provide straight-forward and concise descriptions of the proposer's ability to satisfy the requirements of this RFP. The proposal must be complete and accurate. Omissions, inaccuracies or misstatements may be cause for rejection of a proposal.

- b. Proposals must be submitted for the performance of all the services described herein. Any deviation from the work specifications will not be considered and may cause a proposal to be rejected. A proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of any form or other irregularities of any kind. The State may reject any or all proposals and may waive an immaterial deviation in a proposal. [The State's waiver of an immaterial deviation shall in no way modify the RFP document, or excuse the proposer from full compliance with all requirements if awarded the agreement.]
- c. All proposals shall include the documents identified in Attachment 1, Required Attachment Check List. Proposals not including the Attachments listed below shall be deemed non-responsive. A non-responsive proposal is one that does not meet the basic proposal requirements. All proposals must include the following Attachments:
 - i. Attachment 1, Required Attachment Check List
 - ii. Attachment 2, Proposal/Proposer Certification Sheet
 - iii. Attachment 3, Minimum Qualifications Certification
 - iv. Attachment 4, Cost Proposal
 - v. Attachment 5, Proposer References
 - vi. Attachment 6, Work Plan
- d. An individual who is contractually authorized to bind the proposing organization shall sign Attachment 2, Proposal/Proposer Certification Sheet. The signature must indicate the title or position that the individual holds in the organization. An unsigned proposal may be rejected.
- e. If the proposal is made under a fictitious name or business title, the actual legal name of the proposer must be provided.
- f. More than one proposal from an individual, firm, partnership, corporation or association under the same or different names, will not be considered.
- g. Joint proposals are not acceptable. A joint proposal is when two (2) or more bidders sign and submit a bid together for requested services.
- h. The proposal package should be prepared in the least expensive method (i.e., cover page with a staple in upper left-hand corner, no elaborate bindings, etc.).
- i. All pages of the proposal shall have the following header and consecutive page numbering format in the upper right-hand corner:

(Proposer's Legal Name)
RFP No. 15MC-SA011
Consumer Organization Premium Rate Review
- j. The Proposer must submit one (1) original and four (4) copies of the original in its entirety, as well as e-mail an electronic version in its entirety in Microsoft Office Word and/or Excel formats to: Christopher.Rendall@dmhc.ca.gov.
- k. The original proposal must be marked "Original Copy". All documents contained in the original proposal package must have original signatures and must be signed by a person who is authorized to bind the proposing organization. All additional proposal sets may contain photocopies of the original package.

- l. The proposal box/envelope must list your firm's legal name and address, the RFP number and title, and must be marked "DO NOT OPEN" as shown in the following example, and shall be mailed or hand-delivered to:

(Proposer's Legal Name) (Proposer's Address)
<p style="text-align: center;">DO NOT OPEN RFP No. 15MC-SA011 Consumer Organization Premium Rate Review Department of Managed Health Care Attn: Christopher Rendall 980 – 9th Street, Suite 500 Sacramento, CA 95814</p>

- m. The Proposal, Attachments, and/or Exhibits must be submitted separately from the Cost Proposal. Submit the Proposal and associated documents in a sealed box/envelope that is named "Envelope No. 1" and in a separately sealed box/envelope that is named "Envelope No. 2 – DO NOT OPEN" which will contain the Cost Proposal and any associated documentation. All proposals must be received under sealed cover and sent to the DMHC contact listed above by **4:00 p.m. on April 5, 2016**. Proposals received after this date and time will not be considered. Proposals not submitted under sealed cover and marked as indicated may be rejected.
- n. When hand-delivering a proposal, the Proposer should have the receptionist date/time stamp the envelope immediately upon delivery. Proposals date/time stamped after the due date and time will not be accepted.
- o. A proposer may modify a proposal after submission by withdrawing its original proposal and resubmitting a new proposal prior to the proposal submission deadline as set forth in Section F, Proposal Requirements and Information, item 1, Key Action Dates. Proposal modifications offered in any other manner, oral or written, will not be considered.
- p. A proposer may withdraw its proposal by submitting a written withdrawal request to the DMHC, signed by the proposer or an authorized agent for the firm. A proposer may then submit a new proposal prior to the proposal submission deadline. Subsequent to proposal submission deadline, proposals may not be withdrawn without cause.
- q. The Proposers are cautioned to not rely on the DMHC during the evaluation to discover and report to the proposer any defects and errors in the submitted documents. Proposers, before submitting their documents, should carefully proof them for errors and adherence to the RFP requirements.
- r. The Proposer agrees that in submitting a proposal, they authorize the DMHC to verify any or all claimed information, proprietary or non-proprietary, by any reasonable means, including on-site inspection and to verify any references named in their proposal.
- s. Costs incurred for developing proposals and in anticipation of award of an Agreement, are entirely the responsibility of the Proposer and shall not be charged to the State of California.
- t. The DMHC reserves the right to reject all proposals and is not required to award an Agreement.
- u. No oral understanding or agreement shall be binding on either party.

8. Disposition of Proposals

- a. Upon proposal opening, all documents submitted in response to this RFP will become the property of the State of California, and will be regarded as public records under the California Public Records Act (Government Code Section 2650, et. seq.) and subject to review by the public.
- b. Proposal packages may be returned only at the Proposer's expense, unless such expense is waived by the DMHC.

9. Evaluation Process and Criteria

- a. At the time of proposal opening, each proposal will be checked for the presence or absence of the required information in conformance with the submission requirements of this RFP. A responsive proposal is one which meets or exceeds the requirements stated in this RFP.
- b. Proposals that contain false or misleading statements, or which provide references which do not support an attribute or condition claimed by the proposer, may be rejected.
- c. Proposers claiming any of the bid preferences shall submit the proper required certification documents and check next to the applicable Attachment number on Attachment 1, Required Attachment Check List. Refer to the links in Section G, Preference Programs, in this RFP for information regarding these preference programs.

Evaluation Criteria is set as follows:

Stage 1: Minimum Qualifications

The proposals that meet the minimum qualifications will be evaluated and scored according to the criteria indicated below. A minimum of 49 points must be achieved in this phase to be considered responsive. (A responsive proposal is one, which meets or exceeds the requirements stated in this RFP.) A minimum of 3.5 points must be achieved for each rating/scoring criteria.

Evaluation Criteria	Maximum Possible Score
1. WORK PLAN EVALUATION (70 points maximum)	
A. <u>Proposer Qualifications</u>	
<ul style="list-style-type: none"> Knowledge and understanding of premium rate review legislation 	5
<ul style="list-style-type: none"> Past experience with performing similar services to those in Section E, Scope of Work 	5
B. <u>Project Personnel</u>	
<ul style="list-style-type: none"> Staff expertise and qualifications to perform the services in Section E, Scope of Work 	5
C. <u>Project Description</u>	
<ul style="list-style-type: none"> Techniques to interpret rate review filing information 	5
<ul style="list-style-type: none"> Methods of reporting findings and recommendations to the Department 	5
<ul style="list-style-type: none"> Methods of providing public commentary on health plan rate filings 	5
<ul style="list-style-type: none"> Experience working on health care consumer issues 	5
<ul style="list-style-type: none"> Administrative capacity and organizational stability to perform the services in Section E, Scope of Work 	5
D. <u>Work Samples</u>	
<ul style="list-style-type: none"> Quality of Proposer's comment letter/memorandum regarding rate review #1 	5
<ul style="list-style-type: none"> Quality of Proposer's comment letter/memorandum regarding rate review #2 	5
<ul style="list-style-type: none"> Quality of Proposer's comment letter/memorandum regarding rate review #3 	5
<ul style="list-style-type: none"> Overall quality of work samples 	5
E. <u>Financial Stability</u>	
<ul style="list-style-type: none"> Organizational and financial stability 	5
F. <u>Conflicts of Interest</u>	
<ul style="list-style-type: none"> Methodology for monitoring and managing potential conflicts of interest 	5
Total Possible Points	70

Stage 2: Lowest Responsible Bidder

- a. This phase consists of opening and evaluating the sealed cost proposals. All proposals that enter Phase II will have received 49 points (70%) or more and are considered fully capable of performing the required services.
- b. The sealed envelopes containing the bid price and cost information for the proposals that meet the format requirements and standards shall then be publicly opened and read. The Agreement will be awarded to the lowest responsible bidder meeting the requirements outlined in this RFP.

10. Award and Protest

- a. Notice of the proposed award shall be posted in the DMHC lobby at 980 – 9th Street, Suite 500, Sacramento, CA 95814 and at www.dmhc.ca.gov for **five (5) days prior to award of the Agreement**.
- b. If any proposer, prior to award of the Agreement, files a protest with the Department of Managed Health Care, 980 9th Street, Suite 500, Sacramento, CA 95814 and the Department of General Services, Office of Legal Services, 707 Third Street, 7th Floor, Suite 7-330, West Sacramento, CA 95605, on the grounds that the (protesting) proposer would have been awarded the Agreement had the Department evaluated and scored their proposal as described in the RFP, the Agreement shall not be awarded until either the protest has been withdrawn or the Department of General Services has decided the matter. It is suggested that any protest be sent by certified or registered mail.
- c. Within five (5) days after filing the initial protest, the protesting proposer shall file with the Department of General Services, Office of Legal Services and the Department of Managed Health Care a detailed statement specifying the grounds for the protest. The protest must be submitted to the address listed in item b, above.
- d. Upon resolution of the protest and award of the Agreement, Contractor must complete and submit the Payee Data Record (Std, 204 Form) to determine if the Contractor is subject to state income tax withholding pursuant to the California Revenue and Taxation Code Sections 18662 and 26131. This form is available at: <http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=204>.

No payment shall be made unless a completed Std. 204 has been returned to the DMHC.

- e. Upon resolution of protest and award of an Agreement, the Contractor must sign and submit the Contractor Certification Clauses (CCC 307) which are available at: <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>.

11. Agreement Execution and Performance

- a. Performance shall start on the express date set by the DMHC and the Contractor, after all approvals have been obtained and the Agreement is fully executed. Should the Contractor fail to commence work at the agreed upon time, the DMHC, upon five (5) days written notice to the Contractor, reserves the right to terminate the Agreement.
- b. The State's General Terms and Conditions (GTC) are not negotiable. The DMHC does not accept alternate Agreement language from a Contractor. A proposal with such language will be considered a counter proposal and will be rejected. The GTC 610 may be viewed at

<http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>. If you do not have internet access, a hard copy of the GTC can be provided by contacting the person identified within this solicitation.

- c. All performance under the Agreement shall be completed on or before the termination date of the Agreement.

G. PREFERENCE PROGRAMS

The standard agreement language for the preference programs applied to this RFP can be found at the Internet web sites listed below:

1. Small Business Preference - www.documents.dgs.ca.gov/pd/smallbus/sbregs.pdf.
2. Non-Small Business Subcontractor Preference –
www.documents.dgs.ca.gov/pd/smallbus/sbregs.pdf.

If applying for one of these preference programs, please be sure to complete and submit the required documents, which can be found at the above links.

H. DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) INCENTIVE PROGRAM

Note: The DVBE participation requirement has been waived; however, the DVBE Incentive Program will apply for this solicitation.

Under California Code of Regulations (CCR) Title 2, Section 1896.99.100, the California DVBE Incentive provides responsive and responsible firms the opportunity to receive additional incentive calculations. The incentive is applied at the time of solicitation evaluation when a proposing firm selects a California-certified DVBE subcontractor to provide services or commodities in support of the overall contract effort. Application of the DVBE Incentive may place the proposing firm in line for contract award.

The following are key elements of the DVBE Incentive Program:

The DVBE Incentive is applied during the evaluation process and is *only* applied to responsive proposals from responsible firms proposing the percentage(s) of DVBE participation for the incentive(s) specified in the solicitation.

1. The DVBE Incentive participation is optional and at the discretion of the proposing organization.
2. When requesting the Incentive Application, proposing organizations must complete and return the DVBE Incentive Application Request (Attachment 8) with their proposal at time of submission.
3. The incentive is applied by reducing the cost proposed by the amount of incentive as computed from the lowest responsive and responsible proposal. Computation is for evaluation purposes only. (2 CCR 1896.99.100 (c))
4. Services or commodities provided by the DVBE firm MUST meet the definition of a “Commercially Useful Function” (CUF) as defined under Government Codes 14837(d)(4) and Military and Veterans Code 999(b)(5)(B). A DVBE firm not meeting CUF regulations will render the proposing firm ineligible for the DVBE Incentive application.
5. The DVBE Incentive application will be based on the Low Cost Method and follows the guidelines identified below:

- a. **Application of the incentive is based on the proposing firm's level of DVBE participation identified (1% - 5% and higher)**
- b. For awards based on low cost, the incentive is applied by reducing the cost proposed by the amount of incentive as computed from the lowest responsive and responsible proposal. (CCR 1896.99.100 (c)).

SAMPLE: Using the incentive scale below (Display is for illustration purposes only)

Confirmed DVBE Participation	Incentive Applied:
1% - 1.99% inclusive	1%
2% - 2.99% inclusive	2%
3% - 3.99% inclusive	3%
4% - 4.99% inclusive	4%
5% and Higher	5%

SAMPLE RESULTS	PROPOSER A	PROPOSER B	PROPOSER C
Responsive/Responsible	Yes	Yes	Yes
Net Proposed Price	\$100,000	\$102,000	\$103,000
Rank	1	2	3
Eligible Preference	None	SB	SB
Eligible Preference	\$0	\$5,000	\$5,000
Subtotal	\$100,000	\$97,000	\$98,000
New Rank	3	1	2
Confirmed DVBE Participation	None (0%)	Yes (3%)	Yes (100%)
Confirmed DVBE Participation Amount	\$0	\$3,000	\$5,000
Adjusted Bid Amount	\$100,000	\$94,000	\$93,000
New Rank	3	2	1

c. Order of Evaluation

- i. In applying the calculation preferences, first Small Business preference will be applied followed by the DVBE Incentive calculation.

I. ATTACHMENTS

ATTACHMENT 1

REQUIRED ATTACHMENT CHECK LIST

Proposer's Name: _____

A complete proposal package will consist of all required items listed in the RFP as well as those identified below. Place an "X" next to each Attachment that you are submitting to the State. For your proposal to be considered responsive, all Required Attachments must be submitted with this checklist on top.

Check List			
	<u>Attachment Number</u>	<u>Attachment Name/Description</u>	DMHC use only Confirmed
Required Attachments			
<input type="checkbox"/>	1	Required Attachment Check List	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/>	2	Proposal/Proposer Certification Sheet	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/>	3	Minimum Qualifications Certification	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/>	4	Cost Proposal	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/>	5	Proposer References	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/>	6	Work Plan	<input type="checkbox"/> Yes <input type="checkbox"/> No
If Applicable			
<input type="checkbox"/> Yes or <input type="checkbox"/> N/A	7	Darfur Contracting Act Certification	<input type="checkbox"/> Yes <input type="checkbox"/> N/A
<input type="checkbox"/> Yes or <input type="checkbox"/> N/A	8	DVBE Incentive Application Request	<input type="checkbox"/> Yes <input type="checkbox"/> N/A

ATTACHMENT 2

(Page 1 of 2)

PROPOSAL/PROPOSER CERTIFICATION SHEET

This sheet must be signed and returned along with all the Required Attachments and must bear an original signature of someone authorized to bind your organization contractually.

The signature affixed hereon and dated certifies compliance with all the requirements of this proposal document. The signature below authorizes the verification of this certification.

An Unsigned Proposal/Proposer Certification Sheet May Be Cause for Rejection

1. Organization/Company Name	2. Telephone Number ()	2a. Fax Number ()
3. Address		
Indicate your organization type:		
4. <input type="checkbox"/> Sole Proprietorship	5. <input type="checkbox"/> Partnership	6. <input type="checkbox"/> Corporation
Indicate the applicable employee and/or corporation number:		
7. Federal Employee ID No. (FEIN)	8. California Corporation No.	
9. Indicate applicable license and/or certification information:		
10. Proposer's Name (Print)		11. Title
12. Signature		13. Date
14. Are you certified with the Department of General Services, Office of Small Business and Disabled Veteran Certification (OSDC) as:		
a. Small Business Enterprise Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, enter certification number: _____		
b. Disabled Veteran Business Enterprise Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, enter your service code below: _____		
NOTE: A copy of your Certification is required to be included if either of the above items is checked "Yes". Date application was submitted to OSDC, if an application is pending:		

ATTACHMENT 2
 (Page 2 of 2)

Completion Instructions for Proposal/Proposer Certification Sheet

Complete the numbered items on the Proposal/Proposer Certification Sheet by following the instructions below.

Item Numbers	Instructions
1, 2, 2a, 3	Must be completed. These items are self-explanatory.
4	Check if your firm is a sole proprietorship. A sole proprietorship is a form of business in which one person owns all the assets of the business in contrast to a partnership and corporation. The sole proprietor is solely liable for all the debts of the business.
5	Check if your firm is a partnership. A partnership is a voluntary agreement between two or more competent persons to place their money, effects, labor, and skill, or some or all of them in lawful commerce or business, with the understanding that there shall be a proportional sharing of the profits and losses between them. An association of two or more persons to carry on, as co-owners, a business for profit.
6	Check if your firm is a corporation. A corporation is an artificial person or legal entity created by or under the authority of the laws of a state or nation, composed, in some rare instances, of a single person and his successors, being the incumbents of a particular office, but ordinarily consisting of an association of numerous individuals.
7	Enter your federal employee tax identification number.
8	Enter your corporation number assigned by the California Secretary of State's Office. This information is used for checking if a corporation is in good standing and qualified to conduct business in California.
9	Indicate applicable license and/or certification information that your firm possesses and that is required for the type of services being procured.
10, 11, 12, 13	Must be completed. These items are self-explanatory.
14	If certified as a Small Business Enterprise, place a check in the "yes" box, and enter your certification number on the line. If certified as a Disabled Veteran Business Enterprise, place a check in the "Yes" box and enter your service code on the line. If you are not certified, place a check in the "No" box. If your certification is pending, enter the date your application was submitted to OSDC.

ATTACHMENT 3

(Page 1 of 1)

MINIMUM QUALIFICATIONS CERTIFICATION

The Proposer must substantiate that it satisfies each of the minimum qualifications, to DMHC's satisfaction, to be given further consideration for a contract award. The statement must contain sufficient information as prescribed to assure DMHC of its accuracy. Failure to provide complete information, based on DMHC's sole judgment, will result in the immediate rejection of the bid.

Please indicate the page number where documentation for each Minimum Qualification is located in the proposal.

Qualification	Included in Proposal	Documentation can be found on:
1) The Proposer must have experience with the health care service plan industry:		
a) The Proposer has at least three (3) years' experience representing California consumers who purchase health care service plan products in the commercial market from various geographic areas and diverse populations, including, but not limited to, seniors, individuals with disabilities, children, immigrants, communities of color, and low-income families.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Page _____
b) Experience with California rate review, including either: 1) providing testimony to the legislature on health care service plan rates; or 2) producing written materials or advocating on the topic of health care service plan rates and related costs.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Page _____
c) The Proposer has experience with the DMHC through the Consumer Participation Program.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Page _____
2) The Proposer is a private non-profit organization and documentation of the non-profit, corporate status of the organization, i.e., incorporated as a 501(c)(3) organization, is included in the proposal.*	<input type="checkbox"/> Yes <input type="checkbox"/> No	Page _____

Proposer's Authorized Signature

Print Name

Title

Date

ATTACHMENT 4

COST PROPOSAL

Proposers must submit their justification for the weighted hourly rate in the format prescribed below. The Cost Proposal must list an all-inclusive Blended Hourly Rate for each classification that will be billed for contracted services throughout the term of the Agreement and any extensions. The Total Weighted Hourly Rate will be used to determine the Proposers total Agency costs. **PLEASE ROUND THE "WEIGHTED PER HOUR" RATE FOR EACH CLASSIFICATION AND TOTAL WEIGHTED HOURLY RATE TO THE NEAREST TWO (2) DECIMAL PLACES (i.e., \$10.536 SHOULD BE NOTED AS \$10.54).**

The hourly rates shall include all costs associated with personnel, fringe benefits, operating expenses, overhead, and all other miscellaneous costs to be incurred for all contracted services mentioned in Section E, Scope of Work. All subcontractors must be identified and a separate Cost Proposal must be submitted. Please note that equipment may not be purchased under this Agreement.

Any reimbursement for necessary travel and per diem shall be in addition to the blended hourly rate, and shall be at rates not to exceed the State rates and will abide by CalHR guidelines. All travel to be reimbursement by DMHC must be submitted on a STD. 262 form and be supported by receipts. All rates can be found at: <http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>.

All costs shall not exceed the budgeted amount.

Proposers may modify position/classification titles as applicable.

- | | | | | | | |
|----|-------------------------------|-----------------|---|-------------------------|---|--------------------------|
| A. | Partner/Principal and Manager | \$_____per hour | X | _____ % of project time | = | \$_____weighted per hour |
| B. | Senior Staff | \$_____per hour | X | _____ % of project time | = | \$_____weighted per hour |
| C. | Journey Level Staff | \$_____per hour | X | _____ % of project time | = | \$_____weighted per hour |
| D. | Administrative Staff | \$_____per hour | X | _____ % of project time | = | \$_____weighted per hour |

Total % of project time of (A+B+C+D) should equal 100%

**Total Weighted Hourly Rate
(A+B+C+D)**

\$_____

ATTACHMENT 5

PROPOSER REFERENCES

Submission of this attachment is Mandatory. **Failure to complete and return this attachment with your proposal will cause your proposal to be rejected and deemed nonresponsive.**

List below two (2) references for which proposing Organization performed similar type of work as specified in Section E, Scope of Work, within the last five (5) years.

REFERENCE 1

Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service	
Brief Description of Service Provided			

REFERENCE 2

Name of Firm			
Street Address	City	State	Zip Code
Contact Person		Telephone Number	
Dates of Service		Value or Cost of Service	
Brief Description of Service Provided			

ATTACHMENT 6

WORK PLAN

Please refer to Section F.5, Work Plan Format and Requirements, for specific instructions.

ATTACHMENT 7

DARFUR CONTRACTING ACT CERTIFICATION

Public Contract Code Sections 10475 -10481 applies to any company that currently or within the previous three years has had business activities or other operations outside of the United States. For such a company to bid on or submit a proposal for a State of California contract, the company must certify that it is either a) not a scrutinized company; or b) a scrutinized company that has been granted permission by the Department of General Services to submit a proposal.

If your company has not, within the previous three years, had any business activities or other operations outside of the United States, you do **not** need to complete this form.

OPTION #1 - CERTIFICATION

If your company, within the previous three years, has had business activities or other operations outside of the United States, in order to be eligible to submit a bid or proposal, please insert your company name and Federal ID Number and complete the certification below.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that a) the prospective Proposer/Bidder named below is **not** a scrutinized company per Public Contract Code 10476; and b) I am duly authorized to legally bind the prospective Proposer/Bidder named below. This certification is made under the laws of the State of California.

Company/Vendor Name (Printed)		Federal ID Number
By (Authorized Signature)		
Printed Name and Title of Person Signing		
Date Executed	Executed in the County and State of	

OPTION #2 – WRITTEN PERMISSION FROM DGS

Pursuant to Public Contract Code section 10477(b), the Director of the Department of General Services may permit a scrutinized company, on a case-by-case basis, to bid on or submit a proposal for a contract with a State agency for goods or services, if it is in the best interests of the State. If you are a scrutinized company that has obtained written permission from the DGS to submit a bid or proposal, complete the information below.

We are a scrutinized company as defined in Public Contract Code section 10476, but we have received written permission from the Department of General Services to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.

Company/Vendor Name (Printed)	Federal ID Number
Initials of Submitter	
Printed Name and Title of Person Initialing	

ATTACHMENT 8

DVBE INCENTIVE APPLICATION REQUEST

Under the DVBE Incentive Regulations, CCR Title 2, Section 1896.99.100, I request the application of the DVBE Program Incentive to RFP 15MC-SA011 to determine if my firm may be in line for bid award.

- a. I understand that the DVBE Incentive application will be applied using the "Low Cost Method" and cannot be used to achieve any applicable minimum point requirements.
- b. I understand the DVBE firm(s) selected must provide a "Commercially Useful Function" as required under Government Codes 14837(d)(4) and Military and Veterans Code 999(b)(5)(B).
- c. I understand I will be required to report my firm's DVBE activities quarterly to the DMHC Contract Unit.
- d. I understand that subsequent amendments to the Agreement may require continued use of the identified DVBE firm if that contract amendment adds additional funding for continued services.
- e. As the Proposing firm, I identify the following percentage of DVBE participation for this solicitation: _____ percent.

SECTION A - PROPOSING FIRM INFORMATION

Firm Name:

Firm Representative:

Title:

Firm Address:

City:

State:

Zip:

Firm Telephone:

Firm Email Contact:

SECTION B - PROPOSED DVBE FIRM

DVBE Firm Name:

Firm Representative:

Title:

Firm Address:

City:

State:

Zip:

Firm Telephone:

Firm Fax:

Firm Email Contact:

DVBE Certification:

DGS OSDS No.:

Date of Expiration:

Services to be Performed:

Proposer Instructions:

1. Complete information in Section A.
2. Fax this form to DVBE firm(s) to complete Section B.
3. Instruct the DVBE firm(s) to provide a copy of their DGS Office of Small and DVBE Services Certification.
4. This form must be included with your proposal to be considered for the DVBE Incentive application.

J. SAMPLE AGREEMENT

STATE OF CALIFORNIA

STANDARD AGREEMENT

STD 213 (Rev 06/03)

AGREEMENT NUMBER

15MC-SA011

REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

Department of Managed Health Care

CONTRACTOR'S NAME

2. The term of this Agreement is:

3. The maximum amount \$
of this Agreement is:

4. The parties agree to comply with the terms and conditions of the following Exhibits, which are by this reference made a part of the Agreement.

Exhibit A - Statement of Work	x Pages
Exhibit B - Budget Detail and Payment Provisions	x Pages
Exhibit C* - General Terms and Conditions	GTC 610
Exhibit D - Special Terms and Conditions	x Pages
Exhibit E - Additional Provisions	x Pages
Exhibit F - Information Security, Integrity and Confidentiality Terms and Conditions	4 Pages
Attachment I. Information Security and Confidentiality Statement (for Contractors)	2 Pages
Attachment II. Information Security and Confidentiality Statement (Employees, Agents & subcontractors)	1 Page
Attachment III. Information Security Incident Report (for Contractors)	3 Pages
Exhibit G - Resumes	x Pages

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this Agreement as if attached hereto.

These documents can be viewed at <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc)

BY (Authorized Signature)

DATE SIGNED(Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

STATE OF CALIFORNIA

AGENCY NAME

Department of Managed Health Care

BY (Authorized Signature)

DATE SIGNED(Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Cassandra McTaggart, Deputy Director, Administrative Services

ADDRESS

980 – 9th Street, Suite 500, Sacramento, CA 95814

**California Department of General
Services Use Only**

☐ Exempt per:

**EXHIBIT A
STATEMENT OF WORK**

1. SERVICE OVERVIEW:

The Contractor, _____ agrees to provide to the Department of Managed Health Care (DMHC) _____ (type of service) as described herein:

*(Service Types: consulting, services, legal, expert witness, etc.)
(Give a brief overview of services to be provided)*

2. SERVICE LOCATION AND HOURS: *(as necessary)*

The services shall be performed at _____ (location).

(This can be a geographical location, city/county, contractor's place of business, State department, etc...)

The services shall be provided during *(time frame, i.e.- working hours, 8am-5pm Monday-Friday except State holidays)*.

3. CONTRACT TERM:

The term of this contract shall be _____ (Month/Day/Year) through _____ (Month/Day/Year)

4. CONTRACT MANAGERS:

The Contract Managers during the term of this Agreement will be:

Department of Managed Health Care	Contractor Name:
Division/Unit	Division/Unit:
Name: Address: 980 9 th Street, Suite 500 Sacramento, CA 95814	Name: Address:
Phone:	Phone:
Fax:	Fax:
E-mail:	E-mail:

The parties may change their Contract Manager upon providing ten (10) days written notice to the other party. Said changes shall not require an amendment to this agreement.

5. BACKGROUND AND SERVICES TO BE PERFORMED:

A. BACKGROUND:

(Provide the context for the need for the services: federal grant, regulation or statute that requires the services or the need for an amendment, etc...)

B. SERVICES:

Task 1:
Task 2:
Task 3:
Task 4:

C. CONTRACTOR'S RESPONSIBILITIES:

1. *List responsibilities*
2. *List responsibilities*
3. *List responsibilities*
4. *List responsibilities*

D. DMHC'S RESPONSIBILITIES:

1. *List responsibilities*
2. *List responsibilities*
3. *List responsibilities*
4. *List responsibilities*

6. DELIVERABLES AND TIMELINE:

Task #	Deliverable	Due Date

EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS

1. INVOICING AND PAYMENT

- A. For services satisfactorily rendered, and upon receipt of appropriate invoices, the State agrees to compensate the Contractor for actual authorized expenditures incurred in accordance with the rates specified herein, which is attached hereto and made a part of this Agreement.
- B. Invoices shall include the DMHC Agreement Number and dates services were performed, and shall be submitted in duplicate not more frequently than monthly in arrears to:

Department of Managed Health Care
Accounting Office
980 – 9th Street, Suite 500
Sacramento, CA 95814

- C. In addition to the DMHC Agreement Number, invoices shall contain the following information:
 - 1. Service period covered;
 - 2. Detailed description of services provided. Each activity must be identified by date performed and the number of hours worked on each activity. In addition:
 - a. Identify specific deliverable, task or service outlined in SOW;
 - b. Number of hours billed for each activity based upon rounding to the nearest quarter hour increment;
 - c. Name of individual performing service and their hourly billing rate;
 - d. Meeting topics and names of participants;
 - e. Case names;
 - f. Change Request numbers;
 - g. Receipts for any costs requesting reimbursement such as travel, meals and lodging.

2. BUDGET CONTINGENCY CLAUSE

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an Agreement amendment to Contractor to reflect the reduced amount.

3. PROMPT PAYMENT CLAUSE

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

4. FEDERAL CONTRACT FUNDS

- A. It is mutually understood between the parties that this Agreement may have been written before ascertaining the availability of congressional appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays which would occur if the Agreement were executed after that determination was made.

- B. This Agreement is valid and enforceable only if sufficient funds are made available to the DMHC by the United States Government for the fiscal years covered by the term of this Agreement. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or any statute enacted by the Congress, which may affect the provisions, terms or funding of this Agreement in any manner.
- C. It is mutually agreed that if the Congress does not appropriate sufficient funds for the program, this Agreement shall be amended to reflect any reduction in funds.
- D. The DMHC has the option to invalidate or cancel the Agreement with 30-days advance written notice or to amend the Agreement to reflect any reduction in funds.

5. BUDGET

- A. The total amount for this agreement for duties specified under "EXHIBIT A, ITEM #5 BACKGROUND AND SERVICES TO BE PERFORMED" shall not exceed \$ XXXXXX.
- B. Movement of funds between line items is permissible as long as it does not exceed the total budgeted amount and with approval of the DMHC Contract Manager.

(Insert budget breakdown here)

EXHIBIT C
GENERAL TERMS AND CONDITIONS

General Terms and Conditions can be viewed online
at: <http://www.dgs.ca.gov/ols/Resources/StandardContractLanguage.aspx>.

SAMPLE

EXHIBIT D
SPECIAL TERMS AND CONDITIONS

1. RESOLUTION OF DISPUTES

Notwithstanding the General Terms and Conditions (Exhibit C), and in compliance with Public Contract Code 10381, DMHC adds:

The Contractor should first discuss the problem informally with the Department of Managed Health Care (DMHC) Contract Manager. If the problem cannot be resolved at this stage, the Contractor must direct the grievance together with any evidence, in writing, to the DMHC program Section Chief. The grievance must state the issues in dispute, the legal authority or other basis for the Contractor's position and the remedy sought. The program Section Chief must make a determination on the problem within ten (10) working days after receipt of the written communication from the Contractor. The program Section Chief shall respond in writing to the Contractor indicating the decision and reasons therefore. Should the Contractor disagree with the program Section Chief's decision, the Contractor may appeal to the next level.

The Contractor must prepare a letter indicating why the program Section Chief's decision is unacceptable, attaching to it the Contractor's original statement of the dispute with supporting documents along with a copy of the program Section Chief's response. This letter shall be sent to the DMHC Deputy Director or designee in which the Section is organized within ten (10) working days from receipt of the program Section Chief's decision. The Deputy Director or designee shall meet with the Contractor to review the issues raised. A written decision signed by the Deputy Director or designee shall be returned to the Contractor within twenty (20) working days of receipt of the Contractor's letter.

Authority to terminate performance under the terms of this Agreement is not subject to appeal under this section. All other issues including, but not limited to, the amount of any equitable adjustment and the amount of any compensation or reimbursement that should be paid to the Contractor shall be subject to the disputes process under this section. (Public Contract Code (PCC) Sections 10240.5, 10381, 22200, et seq.)

2. RIGHTS IN DATA

The Contractor agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Agreement are subject to the rights of the State as set forth in this section. The State shall have the right to reproduce, publish, and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so, on its behalf. If any Deliverable Work set forth in the Scope of Work is copyrightable, the Contractor, through this Agreement transfers ownership of that copyright to the State, and the State may, as an illustration but not a limitation, reproduce, publish, and use such work, or any part thereof, and authorize others to do so (40 CFR 31.34, 31.36). The State grants the Contractor a royalty-free, nonexclusive, nontransferable, irrevocable license to reproduce, publish and prepare derivative works of the copyrightable work, for noncommercial research and noncommercial educational purposes.

Any material that does not conform to the requirements of this Agreement may be rejected by the State at its discretion. Notice of such a rejection shall be given to the Contractor by the State within ten (10) days of receipt of the materials, and final payment shall not be made for such material until substantial compliance has been obtained within the time and manner determined by the State.

3. CONTRACTOR'S RIGHTS AND OBLIGATIONS

Public Contract Code Sections 10335-10381 contain language describing the Contractor's duties, obligations, and rights under this Agreement. By signing this Agreement, the Contractor certifies that he or she has been fully informed regarding these provisions of the Public Contract Code.

As required by Public Contract Code Section 10371(e)(2), resumés attached hereto and by this reference are incorporated herein.

4. CONTRACTOR EVALUATION

The Contractor's performance under this Agreement shall be evaluated within sixty (60) days after completion. For this purpose a form designated by the Department of General Services (the "Contract/Contractor Evaluation," Form STD. 4) shall be used. Post-evaluations shall remain on file for a period of thirty-six (36) months. If the Contractor did not satisfactorily perform the work or service specified in the Agreement, Contract Manager shall place one copy of the evaluation form in the Agreement file and send one copy of the form to the Department of General Services within five (5) working days of the completion of the evaluation. Upon filing an unsatisfactory evaluation with the Department of General Services, the Contract Manager shall notify and send a copy of the evaluation to the Contractor within fifteen (15) days. The Contractor shall have thirty (30) days to prepare and send statement to the Contract Manager and the Department of General Services defending his or her performance under the Agreement. The Contractor's statement shall be filed with the evaluation in the Contract Manager's file and at the Department of General Services. (PCC 10369)

5. DISCLOSURE REQUIREMENTS

The Contractor shall acknowledge the support of DMHC when publicizing the work performed under this Agreement. Materials developed with contract funds shall contain an acknowledgement of the use of State funds in the development of materials and a disclaimer that the contents do not necessarily reflect the position or policy of DMHC.

If the Contractor or subcontractor(s) are required to prepare multiple documents or written reports, the disclosure statement may also contain a statement indicating that the total Agreement amount represents compensation for multiple documents or written reports.

The Contractor shall include in each of its subcontracts for work under this Agreement a provision which incorporates the requirements stated within this Section.

6. LICENSES AND PERMITS

The Contractor shall be an individual or firm licensed to do business in California and shall obtain at his/her expense all license(s) and permit(s) required by law for accomplishing any work required in connection with this Agreement.

If you are a contractor located within the state of California, a business license from the city/county in which you are headquartered is necessary and must be submitted. However, if you are a corporation, a copy of your incorporation documents/letter from the Secretary of State's Office can be submitted. If you are a contractor outside the state of California, you will need to submit a copy of your business license or incorporation papers for your respective state showing that your company is in good standing in that state.

In the event any license expires at any time during the term of this Agreement, the Contractor agrees to provide the State with a copy of the renewed license within 30 days following the expiration date. In the event the Contractor fails to keep in effect at all times all required license(s) and permit(s), the

State may, in addition to any other remedies it may have, terminate this Agreement upon occurrence of such event.

7. TRAVEL AND PER DIEM

All DMHC reimbursement for necessary travel and per diem will not exceed State rates and will abide by CalHR guidelines. All out-of-state travel by the Contractor for purposes of this Agreement must have prior written approval by the DMHC Contract Manager specified in this agreement. The Contractor must include a completed STD 262 form, with receipts, when submitting invoices to the Accounting Office. All rates can be found at: <http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>.

8. INSURANCE REQUIREMENTS

When the Contractor submits a signed agreement to the State, if DMHC requests, the Contractor shall furnish a certificate of insurance, stating that there is liability insurance presently in effect of not less than \$2,000,000 per occurrence for bodily injury and property damage liability combined.

The Certificate of Insurance will include provisions a, b, and c in their entirety:

- a. The insurer will not cancel insured's coverage without 30 days prior written notice to the state.
- b. The State of California, its officers, agents, employees, and servants are included as additional insureds, but only insofar as operations under this Agreement are concerned.
- c. The State will not be responsible for any premiums or assessments on the policy. The Contractor agrees that the bodily injury liability insurance herein provided for shall be in effect at all times during the term of this Agreement. In the event said insurance coverage expires at any time during the term of this Agreement, the Contractor agrees to provide at least 30 days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the Agreement, or for a period of not less than one year. New certificates or insurance are subject to the approval of the Department of General Services and the Contractor agrees that no work or services shall be performed prior to the giving of such approval. In the event the Contractor fails to keep in effect at all times insurance coverage as herein provided, the State may, in addition to other remedies it may have, terminate this Agreement upon occurrence of such event.

The State will not provide for nor compensate the Contractor for any insurance premiums or costs for any type or amount of insurance.

Automobile Liability

The Contractor shall maintain commercial auto liability insurance with limits not less than \$1,000,000 per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles. Should the scope of the Agreement involve transportation of hazardous materials, an MCS-90 endorsement is required.

Commercial General Liability

The Contractor, along with any of its subcontractors engaged to perform work pursuant to this Agreement, shall maintain Commercial Liability insurance with limits of at least \$2,000,000 covering any damages caused by an error, omission, or negligent act of the Contractor in connection with the work provided such claims arise during the period commencing upon the preparation of the project work documents and ending 5 years following substantial completion.

Workers' Compensation

The Contractor certifies and is aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code and the Contractor agrees to comply with such provisions before commencing performance of the work of this Agreement.

By signing this Agreement, the Contractor hereby warrants that it carries Workers' Compensation insurance on all of its employees who will be engaged in the performance of this Agreement. If staff provided by the Contractor are defined as independent contractors, this clause does not apply.

9. TERMINATION WITHOUT CAUSE

Notwithstanding GTC termination clause, DMHC adds the following:

The DMHC may terminate this Agreement for any or no reason whatsoever, upon giving the Contractor thirty (30) calendar days prior written notice.

Any termination shall be effected by written notice to the Contractor, either hand-delivered to the Contractor or sent certified mail, return receipt requested. The notice of termination shall specify the effective date of termination.

Upon receipt of notice of termination, and except as otherwise directed in the notice, the Contractor shall:

- (a) Stop work on the date specified in the notice;
- (b) Place no further orders or enter into any further subcontracts for materials, services or facilities except as necessary to complete work under the Agreement up to effective date of termination;
- (c) Terminate all orders and subcontracts;
- (d) Promptly take all other reasonable and feasible steps to minimize any additional cost, loss, or expenditure associated with work terminated, including, but not limited to reasonable settlement of all outstanding liability and claims arising out of termination of orders and subcontracts;
- (e) Deliver or make available to the DMHC all data, drawings, specifications, reports, estimates, summaries, and such other information and material as may have been accumulated by the Contractor under this Agreement, whether completed, partially completed, or in progress.

In the event of termination, an equitable adjustment in the price provided for in this Agreement shall be made. Such adjustment shall include reasonable compensation for all services rendered, materials supplied, and expenses incurred pursuant to this Agreement prior to the effective date of termination.

10. COMPUTER SOFTWARE COPYRIGHT COMPLIANCE

By signing this Agreement, the Contractor certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

11. ADMINISTRATIVE REQUIREMENTS

The following administrative requirements must be completed before execution of the contract. The contractor is responsible for any costs or expenses, including time, for completing these items.

a. Information Security, Integrity and Confidentiality Statement

Complete Attachment I for Contractor Authorized Representative and Attachment II for project employees, agents or sub-contractors, which certify that the Contractor and the

Contractor's staff understand and agree to comply with the DMHC's Information Security and Confidentiality Statement

b. Annual Information Security Awareness and Privacy Training

California state policy requires that the DMHC must provide for the proper use and protection of its information assets and arrange for basic security and privacy awareness training (SAM Sections 5305.1; 5320.1; 5320.2, SIMM 5330-B) for new users, and annually thereafter. Therefore, DMHC contractors (including subcontractors) who access state resources must complete the designated DMHC online annual Information Security Awareness and Privacy Training prior to accessing DMHC information assets and/or beginning work on a contract. The DMHC Information Security Officer will set up your training account. While the training course is free-of-charge, any expenses, including contractor time, related to new and/or annual Information Security Awareness and Privacy Training will be the responsibility of the contractor. Active contractors/subcontractors must provide a list of their employees' names and email addresses annually to the DMHC Information Security Officer to administer this online annual Information Security Awareness and Privacy Training.

c. Statement of Economic Interests (Form 700)

The California Political Reform Act requires individuals holding positions designated within an agency's conflict of interest code to file an annual Statement of Economic Interests (Form 700). The DMHC's conflict of interest code designates "Consultants" among the positions that must file a Form 700. Your employees or independent contractors, working on the above named contract, have been designated as such consultants and are required to file an original Form 700 with the DMHC. (See Government Code Sections 82019 and 87302.)

Additionally, the Government Code requires all officials, employees and contracted consultants designated to file a Form 700, to also complete an Ethics Certification when first assuming a designated position and then every odd numbered year thereafter. In some cases, this means that consultants may be required to complete the Ethics Certification two years in a row if they assumed their designated position during an even numbered year. (See Government Code Sections 11146 through 11146.4.)

12. CONFLICT OF INTEREST

No Contractor shall participate in the making of, or in any way attempt to influence, a decision in which the Contractor knows, or has reason to know, that it has a financial interest. The Contractor shall notify the DMHC Contract Manager immediately in writing if the Contractor has a potential, or actual, conflict of interest relating to this Agreement.

The Contractor shall abide by the provisions of Government Code Sections 1090, 81000 et seq., 82000 et seq., 87100 et seq., and 87300 et seq., Public Contract Code (PCC) Sections 10335 et seq. and 10410 et seq., California Code of Regulations, Title 2, Section 18700 et seq., and the DMHC Incompatible Activities Policy.

Each of the Contractor's employees assigned to the DMHC project shall file a Statement of Economic Interests, Fair Political Practices Commission (FPPC) Form 700 within thirty (30) days of commencing services under the Agreement, annually during the life of the Agreement, and within thirty (30) days after the expiration of the Agreement.

The Contractor shall have a continuing duty to disclose to the DMHC, in writing, all interests and activities that create an actual or potential conflict of interest in performance of the Agreement.

The Contractor shall have a continuing duty to keep the DMHC timely and fully apprised in writing of any material changes in the Contractor's business structure and/or status. This includes any changes in business form, such as a change from sole proprietorship or partnership into a corporation or vice-

versa; any changes in company ownership; any dissolution of the business; any change of the name of the business; any filing in bankruptcy; any revocation of corporate status by the Secretary of State; and any other material changes in the Contractor's business status or structure that could affect the performance of the Contractor's duties under the Agreement.

If the Contractor violates any provision of the above paragraphs, such action by the Contractor shall render this Agreement void.

13. PROHIBITION OF FOLLOW-ON CONTRACTS

No Contractor or subsidiary thereof who has been awarded a consulting services contract may submit a bid for, nor be awarded a contract for, the provision of services, procurement of goods or supplies, or any other related action which is required, suggested, or otherwise deemed appropriate in the end product of the consulting services contract. (PCC 10365.5)

14. POTENTIAL SUBCONTRACTORS

Nothing contained in this Agreement or otherwise, shall create any contractual relationship between the State and any subcontractors, and no subcontract shall relieve the Contractor of responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. Although the State shall have no obligation to pay any moneys directly to any subcontractor, the Contractor is encouraged to make timely payment to its subcontractors under all applicable State laws, rules and regulations.

15. APPROVAL OF SUBCONTRACTS

The Contractor shall adhere to the rules governing subcontracting as set forth in the subcontracting Fair Practices Act, commencing with Public Contract Code Section (PCC) 4100. Any and all subcontractors must be approved by the DMHC Contract Manager. Subcontractor substitutions also shall be in accordance with the above and shall require the approval of the Contract Manager. Violations of this Act by the Contractor may subject the Contractor to penalties and disciplinary action.

16. SUBSTITUTION OF SUBCONTRACTORS/STAFFING

Upon Agreement award, the Contractor must use the subcontractors and/or suppliers which they proposed in their bid submittal to the State unless a substitution is requested in writing for approval by the State's Contract Manager. The request for substitution may not be used as an excuse for non-compliance with any other provision of State or federal law including, but not limited to subletting and subcontracting.

17. FORCE MAJEURE

Except for defaults of subcontractors at any tier, the Contractor shall not be liable for any excess costs if the failure to perform the contract arises from causes beyond the control and without the fault or negligence of the Contractor. Examples of such causes include, but are not limited to:

- Acts of God or of the public enemy, and
- Acts of the federal or State government in either its sovereign or contractual capacity

If the failure to perform is caused by the default of a subcontractor at any tier, and if the cause of the default is beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either, the Contractor shall not be liable for any excess costs for failure to perform.

18. PROGRESS REPORTS

The Contractor shall submit progress reports to the State representative (Contract Manager) as required, describing work performed, work status, work progress, difficulties encountered, remedial action, and statement of activity anticipated subsequent to reporting period for approval prior to payment of invoices. The Contractor is to be reimbursed by invoicing, in detail, all costs and charges with Contract Number and sending to designated address.

19. WAIVER OF RIGHTS

Any action or inaction by the State or the failure of the State on any occasion, to enforce any right or provision of the contract, shall not be construed to be a waiver by the State of its rights hereunder and shall not prevent the State from enforcing such provision or right on any future occasion. The rights and remedies of the State herein are cumulative and are in addition to any other rights or remedies that the State may have at law or in equity.

20. AMENDMENTS

The DMHC reserves the right to amend this Agreement for up to an additional year or to increase funding. Should the DMHC amend this Agreement to extend the term, the proposed rates or prices shall remain the same. All terms and conditions shall remain the same, unless changes are mutually agreed upon by the Contractor and the DMHC and incorporated into the amendment. All agreement amendments are subject to satisfactory performance and funding availability. Agreement amendments will not take effect until the Contractor has received a copy of the final purchase document that has been signed by the DMHC Procurement Contract Officer or designee.

21. NON-ELIGIBLE ALIEN CERTIFICATION

An alien who is not: (1) a qualified alien; or (2) a nonimmigrant under the Immigration and Nationality Act; or (3) an alien who is paroled into the United States for less than one year, is not eligible for any State or local public benefit. The term "State or local public benefit" means any grant, contract, loan, professional license, or commercial license provided by an agency of a State or local government or by appropriated funds of a State or local government. By signing this contract, the Contractor certifies under penalty of perjury under the laws of the State of California that he or she is not a non-eligible alien.

22. AGREEMENTS FUNDED BY THE FEDERAL GOVERNMENT

1. OMB Circular A-133 Audit: If the Contractor is a state or local agency, or non-profit organization including a nonprofit institution of higher education (as defined by the Federal Office of Management and Budget [OMB] Circular A-133) and expends \$500,000 or more in federal funds, the Contractor agrees to obtain an annual single organization wide, independent audit in accordance with the Federal Office of Management and Budget (OMS) Circular A-133. All OMB Circular A-133 audit reports shall meet the reporting requirements established in OMS § 1101.320 "Report Submission" and a copy shall be forwarded to funding program of DMHC.
2. DEBARMENT AND SUSPENSION CERTIFICATION:
 - a. By signing this agreement, the Contractor agrees to comply with the debarment and suspension requirements as found in Executive Order 12549, Debarment and Suspension, 29 CFR Part 98, Section 98.510, Participants; responsibilities. The regulations were published as Part VII of the May 26, 1988 Federal Register (pages 19160-19211)
 - b. By signing this agreement, the Contractor certifies to the best of its knowledge and belief, that it and its principals:

- i. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;
- ii. Have not within a three-year period preceding this agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- iii. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph 2.b., of this certification; and
- iv. Have not within a three-year period preceding this agreement had one or more public transactions (Federal, State or local) terminated for cause or default.

EXHIBIT E
ADDITIONAL PROVISIONS

AGREEMENTS FUNDED BY THE FEDERAL GOVERNMENT

1. It is mutually understood between the parties that this Agreement may have been written before ascertaining the availability of Congressional appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays which would occur if the Agreement were executed after that determination was made.
2. This Agreement is valid and enforceable only if sufficient funds are made available to the State by the United States Government for the Fiscal Years covered by this Agreement for the purposes of this program. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or any statute enacted by the Congress, which may affect the provisions, terms, or funding of this Agreement in any manner.
3. It is mutually agreed that if Congress does not appropriate sufficient funds for the program, this Agreement shall be amended to reflect any reduction of funds.
4. The department has the option to void the Agreement under the 30-day termination clause or to amend the Agreement to reflect any reduction of funds.
5. The recipient shall comply with the Single Audit Act and the reporting requirements set forth in OMB Circular A-133.

EXHIBIT F
INFORMATION SECURITY, INTEGRITY, AND CONFIDENTIALITY

Where access to personal^[1], confidential^[2], and/or sensitive^[3] information assets^[4] (hereafter, collectively referred to as Confidential Information) is required in the performance of this Agreement for the Department of Managed Health Care (Department); or access to such information is not required but physical access to facilities or computer systems is required and such access presents the potential for incidental access and/or inadvertent disclosure of such information, Contractor agrees to the following:

1. General Confidentiality of Data Provision: Contractor shall protect all Confidential Information from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. This includes, but is not limited to, the secure transport, transmission and storage of data used or acquired in the performance of this Agreement. No reports, information, discoveries or data obtained, assembled or developed by Contractor in the performance of this Agreement may be released, published or made available to any individual or entity without prior written approval from the Department. Contractor shall retain as confidential all work performed under this Agreement, recommendations and/or reports made to the Department, and all discussions between Contractor and Department staff, including all communications, whether oral, written or electronic. The Department may deem non-confidential part or all of the work or other information referenced in this Paragraph without prior permission of Contractor.
2. Contractor warrants and certifies that in the performance of this Agreement, it will comply with all applicable statutes, rules, regulations and orders of the United States and the State of California and agrees to indemnify the State against any loss, cost, damage or liability by reason of Contractor's violation of this provision, including but not limited to information handling and confidentiality requirements outlined in the California Information Practices Act (Civil Code sections 1798 et.seq.).
3. Contractor shall not, except as authorized or required by his or her duties by law, reveal or divulge to any person or entity any of the Confidential Information concerning the Department and its affiliates which becomes known to him or her during the term of this Agreement.
4. Contractor shall keep confidential all Confidential Information entrusted to him or her and shall not use or attempt to use any such Confidential Information in any manner which may injure or cause loss, either directly or indirectly, to the Department.
5. Contractor shall comply, and shall cause its agents, subcontractors and individual employees to comply, with such directions as the Department shall make to ensure the safeguarding or confidentiality of all its resources.
6. The Department reserves the right to require that, prior to commencing work on this contract, Contractor, its agents, subcontractors and individual employees who will be involved in the performance of this Agreement, sign an information security and confidentiality statement, in a form to be provided by the Department. In such cases, Contractor shall attest that its agents, subcontractors and individual employees who will be involved in the performance of this Agreement are bound by terms of a confidentiality agreement with Contractor similar in nature to this statement.

^[1] Information that identifies or describes an individual, including but not limited to, name, social security number, physical description, home address, home telephone number, education, financial account numbers, employment history and individually identifiable health information. (See California State Administrative Manual, sections 5300.4 and 5320.5.)

^[2] Information that is exempt from disclosure under the provisions of the California Public Records Act (GC 6250-6265) or other applicable state or federal laws. (See California State Administrative Manual, sections 5300.4 and 5320.5.)

^[3] Information, either public or confidential, maintained by the Department that requires special precautions to protect from unauthorized use, access, disclosure, modification, loss, or deletion. Sensitive information includes, but is not limited to, records of the Department's financial transactions and regulatory actions. (See California State Administrative Manual, sections 5300.4 and 5320.5.)

7. Contractor shall immediately notify the Department when it discovers that there may have been a breach in security which has or may have resulted in compromise to Confidential Information. For purposes of this Paragraph, immediately is defined as within 2 hours of discovery. The Department contact for such notification is as follows:

Chandra Jingar
Department of Managed Health Care
980 9th Street, Suite 500
Sacramento, CA 95814

916-323-7908 Phone
916-322-0662 FAX

Contractor shall furnish written notification of the discovery, including a description of the nature of the breach or potential breach in security, in a form to be provided by the Department, to the Department contact within 48 hours of Contractor's discovery.

8. Contractor agrees to properly secure and maintain any computer systems (hardware and software applications) that Contractor will use in the performance of this Agreement. This includes ensuring that all security patches, upgrades, and anti-virus updates are applied appropriately to secure data that may be used, transmitted, or stored on such systems in the performance of this Agreement.
9. Whenever Contractor utilizes non-State issued equipment in the performance of this Agreement, Contractor agrees, in addition to Paragraphs 1 through 8 above, to:
- Access and use Confidential Information only for performing Agreement duties for the Department;
 - Install and maintain encryption technology for all personal, sensitive, or confidential information that is stored on portable electronic storage media (including, but not limited to, CDs and thumb drives) and on portable computing devices (including, but not limited to, handheld devices, laptop and notebook computers) following the Federal Information Processing Standards (FIPS 140-2);
 - Store and transmit Confidential Information using encryption technology;
 - Pay all costs associated with complying with the encryption requirements within this section whenever utilizing non State issued equipment;
 - Have fully functional and operating encryption technology in place prior to commencing work on this Agreement;
 - Set the lock computer feature on personal laptops or PCs to automatically engage after no more than 15 minutes of keyboard and/or mouse inactivity;
 - Not remove Confidential Information from any Department-controlled work area without prior authorization from Department staff authorized to provide such authorization; and
 - Consent to the Department's monitoring of Contractor's activities involving use of the Department's systems, applications and/or network.

ATTACHMENT I

INFORMATION SECURITY AND CONFIDENTIALITY STATEMENT (for Contractors)

(Name of Contractor) understands that, while performing its duties under Agreement number (Final Agreement Number) with the California Department of Managed Health Care (Department), Contractor may have access to personal¹, confidential², and/or sensitive³ information assets⁴ as well as documents. Contractor agrees to protect these assets and documents from unauthorized (accidental or intentional) access, modification, destruction, or disclosure. Moreover, Contractor agrees to safeguard the integrity of the Department's information assets and documents and preserve them for their intended purpose, including the availability, accuracy, and completeness of information systems and the data maintained within those systems.

Special precautions are necessary to protect the Department's information assets. As such, **Contractor agrees to comply with all State and Federal law and policy regarding use of information assets and agrees to:**

- Access and use information assets only for performing duties pursuant to Agreement number (Final Agreement Number) with the Department;
- Install and maintain encryption technology for all personal, sensitive, or confidential information that is stored on portable electronic storage media (including, but not limited to, CDs and thumb drives) and on portable computing devices (including, but not limited to, handheld devices, laptop and notebook computers) following the Federal Information Processing Standards (FIPS 140-2);
- Store and transmit information assets in accordance with the Department's information security practices, including, but not limited to, using encryption technology;
- Maintain security patches and upgrades, and keep virus software up-to-date on all systems on which the information assets may be used;
- Set the lock computer feature on personal laptops or PCs to automatically engage after no more than 15 (fifteen) minutes of keyboard and/or mouse inactivity;
- Never access information assets for illegal use, personal interest or advantage;
- Never show, disclose or discuss information assets to or with unauthorized persons;
- Never remove information assets from any Department-controlled work area without authorization; and
- Notify the Department contact under this Agreement immediately if Contractor discovers that there may have been a breach in security involving these information assets.

Contractor certifies that its agents, subcontractors and individual employees who will be involved in the performance of this Agreement are bound by terms of a confidentiality agreement with Contractor similar in nature to this statement.

Contractor and its agents and subcontractors understand that its activities involving the Department's information assets may be monitored and that personal equipment used may be randomly audited for security compliance at the Department's discretion. Contractor gives express consent to such monitoring and auditing. Contractor certifies that it has read, understand and will comply with this Information Security and Confidentiality Statement.

Agreed to: _____ (Contractor)

By: _____ Signature _____ Title _____ Print _____
Name _____
Date _____

(Footnotes on following page)

NOTES

- ¹ Information that identifies or describes an individual, including, but not limited to, name, social security number, physical description, home address, home telephone number, education, financial account numbers, employment history and individually identifiable health information. (See California State Administrative Manual, sections 5300.4 and 5320.5.)
- ² Information that is exempt from disclosure under the provisions of the California Public Records Act (GC §§6250-6265) or other applicable state or federal laws. (See California State Administrative Manual, sections 5300.4 and 5320.5.)
- ³ Information, either public or confidential, maintained by the Department that requires special precautions to protect from unauthorized use, access, disclosure, modification, loss, or deletion. Sensitive information includes, but is not limited to, records of the Department's financial transactions and regulatory actions. (See California State Administrative Manual, sections 5300.4 and 5320.5.)
- ⁴ All categories of automated information, including but not limited to records, files, statistics and databases; and information technology facilities, equipment (including personal computer systems), and software owned or leased by the Department. (See California State Administrative Manual, section 5300.4.)

^[4] All categories of automated information, including but not limited to records, files, statistics and databases; and information technology facilities, equipment (including personal computer systems), and software owned or leased by the Department. (See California State Administrative Manual, section 5300.4.)

ATTACHMENT II
INFORMATION SECURITY AND CONFIDENTIALITY STATEMENT
(for Employees, Agents and Subcontractors)

As an employee, agent or subcontractor of **PRIME CONTRACTOR NAME**, I understand that, while performing my duties under Agreement number **(Final Agreement Number)** with the California Department of Managed Health Care (Department), I may have access to personal², confidential³, and/or sensitive⁴ information assets⁵ as well as documents. I agree to protect these assets and documents from unauthorized (accidental or intentional) access, modification, destruction, or disclosure. Moreover, I agree to safeguard the integrity of the Department's information assets and documents and preserve them for their intended purpose, including the availability, accuracy, and completeness of information systems and the data maintained within those systems.

Special precautions are necessary to protect the Department's information assets. As such, **I agree to comply with all State and Federal law and policy regarding use of information assets and agree to:**

- Access and use information assets only for performing duties pursuant to Agreement number **(Final Agreement Number)** with the Department;
- Ensure that encryption technology has been installed and is being maintained for all personal, sensitive, or confidential information that is stored on portable electronic storage media (including, but not limited to, CDs and thumb drives) and on portable computing devices (including, but not limited to, handheld devices, laptop and notebook computers) following the Federal Information Processing Standards (FIPS 140-2).
- Store and transmit information assets in accordance with the Department's information security practices, including, but not limited to, using encryption technology;
- Maintain security patches and upgrades, and keep virus software up-to-date on all systems on which the information assets may be used;
- Set the lock computer feature on personal laptops or PCs to automatically engage after **no more than 15** (fifteen) minutes of keyboard and/or mouse inactivity;
- Never access information assets for illegal use, personal interest or advantage;
- Never show, disclose or discuss information assets to or with unauthorized persons;
- Never remove information assets from any Department-controlled work area without authorization; and
- Notify my supervisor/manager under this Agreement immediately if I discover that there may have been a breach in security involving these information assets.

I understand that my activities involving the Department's information assets may be monitored and that my personal equipment may be randomly audited for security compliance at the Department's discretion. I give express consent to such monitoring and auditing. I certify that I have read, understand and will comply with this Information Security and Confidentiality Statement.

Print Full Name

Signature

Date

² Information that identifies or describes an individual, including, but not limited to, name, social security number, physical description, home address, home telephone number, education, financial account numbers, employment history and individually identifiable health information. (See California State Administrative Manual, sections 5300.4 and 5320.5.)

³ Information that is exempt from disclosure under the provisions of the California Public Records Act (GC §§6250-6265) or other applicable state or federal laws. (See California State Administrative Manual, sections 5300.4 and 5320.5.)

⁴ Information, either public or confidential, maintained by the Department that requires special precautions to protect from unauthorized use, access, disclosure, modification, loss, or deletion. Sensitive information includes, but is not limited to, records of the Department's financial transactions and regulatory actions. (See California State Administrative Manual, sections 5300.4 and 5320.5.)

⁵ All categories of automated information, including but not limited to records, files, statistics and databases; and information technology facilities, equipment (including personal computer systems), and software owned or leased by the Department. (See California State Administrative Manual, section 5300.4.)

ATTACHMENT III

INFORMATION SECURITY INCIDENT REPORT FOR CONTRACTORS

Contractor is required to follow a prescribed process when an information security incident occurs. Contractor must notify the Department of Managed Health Care's (DMHC) Information Security Officer (ISO) immediately upon discovery of an incident. The prescribed process includes the following steps:

1. Immediately call the DMHC ISO at (916) 323-7908 to report the incident

You may leave a message if the DMHC ISO is not available. Leave your contact information. You will receive a call back within 24-hours of your call.

2. Guidance for reporting the incident

- Name and address of the reporting entity.
- Name, address, e-mail address, and phone number(s) of the reporting person.
- Name, address, e-mail address, and phone number(s) of the alternate contact.
- Description of the incident.
- Date and time the incident occurred.
- Date and time the incident was discovered.
- Make / model of the affected computer(s).
- IP address of the affected computers(s).
- Assigned name of the affected computers(s).
- Operating system of the affected computers(s).
- Location of the affected computers(s).
- Any actions at and following the time of discovery that were taken prior to calling the DMHC ISO.

IMPORTANT: Reporting must NOT be delayed until all of this information is gathered. It is understood that in some circumstances this information may not be readily available. Therefore, the reporting entity must make the report to the DMHC ISO immediately and provide as much information as possible at the time the incident is discovered.

3. Personally Identifiable Information (PII)

Contractor is required to report whether the incident involves personally identifiable information, including, but not limited to, breach notice-triggering personal information as defined in California Civil Code Section 1798.29. **Note: this section now includes categories of medical information and health information.**

4. Written Report

The Information Security Incident Report for Contractors must be completed and forwarded to the Office of Technology and Innovation - Security Management Division within 48 (forty-eight) hours following Contractor's discovery of the incident. The completed Incident Report must be signed by the appropriate Contractor staff authorized to sign on behalf of the Contractor.

The Incident Report must be mailed to the address listed on the report. An electronic version of the Incident Report, in lieu of a hard copy, may be made available at the discretion of the DMHC ISO.

Contractor Name: _____ Contract No.: _____
Address: _____
Phone Number: _____ Email: _____

A. Date the DMHC ISO was notified: _____

B. Incident Details:

1. Date incident occurred: _____ ☐ Unknown
2. Date incident detected: _____ Unknown
3. Incident location: _____
4. General description: _____

5. Media/Device type, if applicable: _____

- a) Was the portable storage device encrypted? ☐ Yes ☐ No

If NO, explain: _____

6. Incidents involving personally identifiable information:

- a) Was personally identifiable information involved? ☐ Yes ☐ No (If No, go to Part C)

Type of personally identifiable information (Check all that apply):

- | | |
|---|--|
| <input type="checkbox"/> Name | <input type="checkbox"/> Health or Medical Information |
| <input type="checkbox"/> Social Security Number | <input type="checkbox"/> Financial Account Number |
| <input type="checkbox"/> Driver's License/State ID Number | <input type="checkbox"/> Other (Specify) |

- b) Number of individuals affected: _____

C. Corrective Actions Planned/Taken to Prevent Future Occurrences:

1. Date corrective actions will be fully implemented: _____

D. Signature (Authorized Contractor Staff):

Print Name

Signature

Date

Incident report must be mailed to:

Department of Managed Health Care
OTI - Security Management Division
Attention: Information Security Officer
980 9th Street, Suite 500
Sacramento, CA 95814

Note: An electronic version of the Incident Report, in lieu of a hard copy, may be made available at the discretion of the DMHC ISO.

The information contained in this document is confidential and should be maintained and safeguarded as confidential information.

Instructions

Contractor Name – Provide your company's name.

Contract Number - Provide DMHC Contract number involved.

Address – Provide your company's address, phone number, and email address.

A. Date of notification by phone to the DMHC ISO at **(916) 323-7908**. Notification to other DMHC staff by email or any other method is NOT a substitute for the required DMHC ISO notification.

B. Incident Details - Provide the date the incident occurred and the date the incident was discovered, if known. In the general description field, provide an overview of the incident with enough details so that the incident can be easily understood. Do not include any personally identifiable information (such as social security numbers, home addresses, etc.). Your report should include the following information, as applicable:

1. **Date incident occurred.**
2. **Date incident discovered.**
3. **Incident location** – Provide the location where the incident occurred. For example, if a laptop was stolen from an employee's home, suggested content might be, "Employee's Home, Roseville, CA" or, if the incident occurred at the contractor's office, suggested content might be, "Contractor's Headquarters, 123 Any Street, Sacramento, CA"
4. **General description** – include the following in the description:
 - When the incident occurred and how it was discovered.
 - The number of people affected by this incident.
 - The details of any law enforcement investigation of this incident, such as, which agency investigated, when, and the report number.
 - Any personal, confidential, or sensitive information involved.
5. **Media/Device type, if applicable** – Provide the type of media or device involved in the incident, such as paper (fax, mail, etc.) or electronic (CD, floppy drive, laptop, PDA, email, thumb drive, etc.).
 - a) **Was the portable storage device encrypted?** – Check appropriate box. If NO, describe why the storage device was not encrypted.
6. **Incidents involving personally identifiable information:**
 - a) **Was personally identifiable information involved?** – Check appropriate boxes.
 - b) **Number of individuals affected** – Identify the number of individuals whose personally identifiable information was breached.

C. Corrective Actions Planned/Taken to Prevent Future Occurrences – Provide a detailed description of the corrective actions taken, or planned to be taken, by your company to prevent future occurrences of a similar incident.

1. **Date corrective actions will be fully implemented** – Provide a date when the corrective actions were, or will be, fully implemented.

D. Signatures – Authorized Contractor representative must sign this report.

Mail the completed Incident Report, without these instructions, to:

Department of Managed Health Care
OTI - Security Management Division
Attention: Information Security Officer
980 9th Street, Suite 500
Sacramento, CA 95814

Note: An electronic version of the Incident Report, in lieu of a hard copy, may be made available at the discretion of the DMHC ISO.